

July 31, 2018

VIA HAND DELIVERY

James B. Christoffersen
General Counsel
Tennessee Health Services
and Development Agency
Andrew Jackson, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Maury Regional Medical Center, Request to Modify CN0210-103 and CN1307-026
Relative to Mobile Positron Emission Tomography Services

Dear Mr. Christoffersen:

This letter is submitted on behalf of Maury Regional Medical Center ("MRMC"), to request modification of the certificates of need referenced above, thereby authorizing MRMC to convert its positron emission tomography ("PET") service from a mobile to a fixed basis.

Background

MRMC is a 255-bed general acute care hospital in Columbia, TN. MRMC was established, and operates as, a public, nonprofit hospital. It also operates hospitals in Waynesboro and Lewisburg, an outpatient campus in Hohenwald and other services and facilities including an outpatient cancer center in Columbia.

On January 22, 2003, the Agency approved a certificate of need (CN0210-103) authorizing MRMC to provide mobile PET services one (1) day per week. MRMC subsequently requested modification of the certificate of need to expand the days of service to three (3) days per week. On January 23, 2013, the Agency approved CN1307-026, which authorized relocation of the PET service and linear accelerator services to MRMC's outpatient cancer center located at 808 James Campbell Boulevard, Columbia, TN. The mobile PET service has been at this location since July 28, 2015.¹

Although the Agency has previously approved expansion of the mobile PET services to three (3) days per week, the mobile vendor has not been able to schedule the mobile unit for

¹ The mobile unit is a combination PET/CT unit, which is the standard configuration for PET services.

more than two (2) days per week. MRMC has accommodated the growing demand for PET services by operating the mobile unit for extended hours when it is on site. As explained below, PET volumes have reached the point where a fixed unit is justified.

Request for Fixed PET Services

The volume of PET scans on the mobile unit has grown steadily and significantly, as shown in the following table:

2015 – 508
2016 – 604
2017 – 691
2018 – 746 ²

This growth in volume reflects the overall growth in cancer services at MRMC. Two additional medical oncologists joined MRMC's medical staff in August and September of 2017, bringing the total to five. In addition, a gynecological oncologist joined the staff in January of 2018. The mobile PET/CT at MRMC's cancer center also serves patients of medical oncology practices in Lawrenceburg and Pulaski. In order to accommodate the growing number of cancer patients who are seeking services closer to where they live, MRMC has determined that it is appropriate to install a fixed PET/CT unit at its cancer center.

Cost of the Fixed Unit

MRMC proposes to purchase a PET/CT unit manufactured by Siemens. The total purchase price, including the cost of maintenance for the first five (5) years, will be \$2,854,590. The cost of construction to accommodate the unit is approximately \$793,000, resulting in a total cost for the fixed PET/CT unit of \$3,647,590. MRMC has the resources on hand to pay for the cost of the fixed unit.

Expected Financial Results

The fixed PET unit will achieve positive financial results in its first year of operation. In order to provide further detail regarding expected financial results, MRMC has completed the enclosed Projected Data Chart for the fixed PET service.

Requested Modification

Considering the above, MRMC requests that its existing certificates of need relative to mobile PET services be modified to authorize installation of a fixed unit. A fixed unit will greatly improve patient access and convenience. The positive financial results from the fixed unit will contribute to MRMC's public, nonprofit mission to care for all patients regardless of their resources.

² Annualized based on volumes for January – May.

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Public notice of this request will be published in the Columbia Daily Herald on August 1, 2018, and we will provide a copy of the notice to you. We would appreciate this matter being placed on the Agency's agenda for its meeting scheduled for August 22, 2018. Please let me know if you have any questions or if you need additional information.

Very truly yours,

BUTLER SNOW LLP



Dan H. Elrod

cc: Kenny Boyd, Chief Operating Officer

David Thomas, Director, Cancer Center
Maury Regional Medical Center
1224 Trotwood Avenue
Columbia, TN 38401

RE: Maury Regional Hospital d/b/a Maury Regional Medical Center - CN1307-026A

Dear Mr. Thomas:

As referenced in our recent letter, please find enclosed your Certificate of Need for the above-referenced application that was approved at the October, 2013, meeting of the Tennessee Health Services and Development Agency.

The Health Services and Development Agency Rules require that an Annual Progress Report be submitted each year and a Final Project Report form is to be submitted within ninety (90) days after completion of a project which shall include completion date, final costs, and other relevant information in regards to the project, pursuant to Public Acts 2002, Chapter No. 780, § 16-11-1609(d). Also required is the registration of certain medical equipment pursuant to Tennessee Code Annotated § 68-11-1607(i), which states "The owners of the following types of equipment shall register such equipment with the health services and development agency: computerized axial tomographers, lithotripters, magnetic resonance imagers, linear accelerators and positron emission tomography." "The survey shall include but not limited to the identification of the equipment and utilization data according to source of payment."

The aforementioned forms can be found on the Agency's website at www.tennessee.gov/HSDA. Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,



Melanie M. Hill
Executive Director

MMH/mab

cc: Trent Sansing, Division of Health Statistics, Office of Policy, Planning & Assessment
Ann R. Reed, Health Care Facilities - Licensure
Bill Harmon, Director of Engineering, Health Care Facilities

I.C.A. § 68-11-1601, et seq., and rules and regulations issued thereunder by this Agency.

To: Maury County
1224 Trotwood Avenue
Columbia, TN 38401

For: Maury Regional Hospital d/b/a Maury Regional Medical Center

This Certificate is issued for: The relocation of two (2) linear accelerators and a mobile positron emission tomography (PET) scanner from the main Maury Regional Medical Center campus at 1224 Trotwood Avenue, Columbia (Maury County), TN to Maury Regional Cancer Center. As part of the project, MRMC will replace one of its linear accelerators.

On the premises located at: 808 South James Campbell Boulevard
Columbia (Maury County), TN 38401

For an estimated project cost of: \$7,742,231.00

The Expiration Date for this Certificate of Need is

December 1, 2016

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: October 23, 2013


Chairman

Date Issued: November 20, 2013


Executive Director